



## **FY17 Legislative Budget Update**

**Debi Durham**  
Director  
Iowa Economic Development Authority

# Governor's Growth Agenda



200,000  
PRIVATE SECTOR JOBS

INCREASE FAMILY  
INCOME 25%



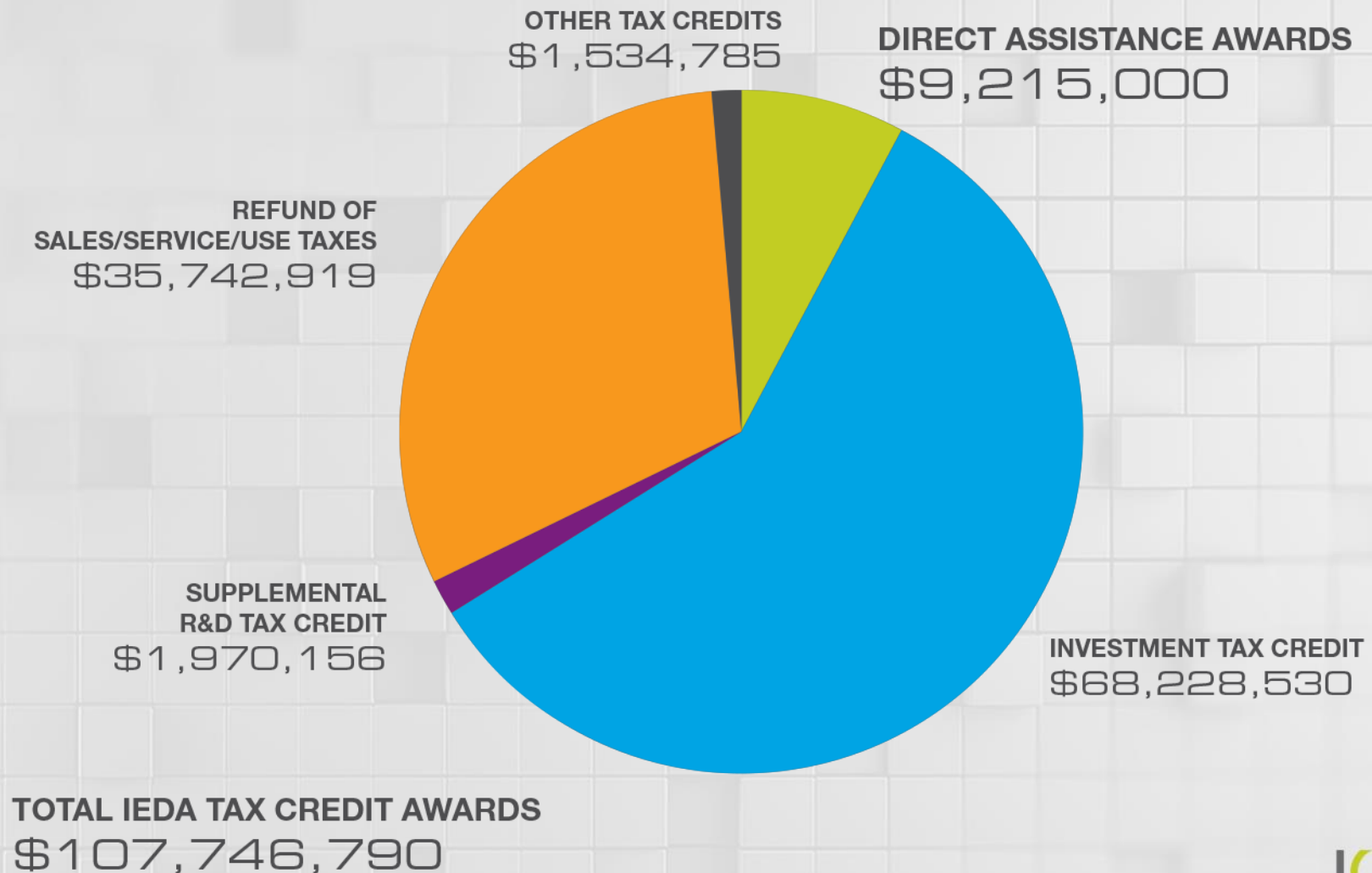
CUT THE COST OF  
STATE GOVERNMENT BY

15%

RE-ESTABLISH  
IOWA'S WORLD CLASS  
EDUCATIONAL SYSTEM

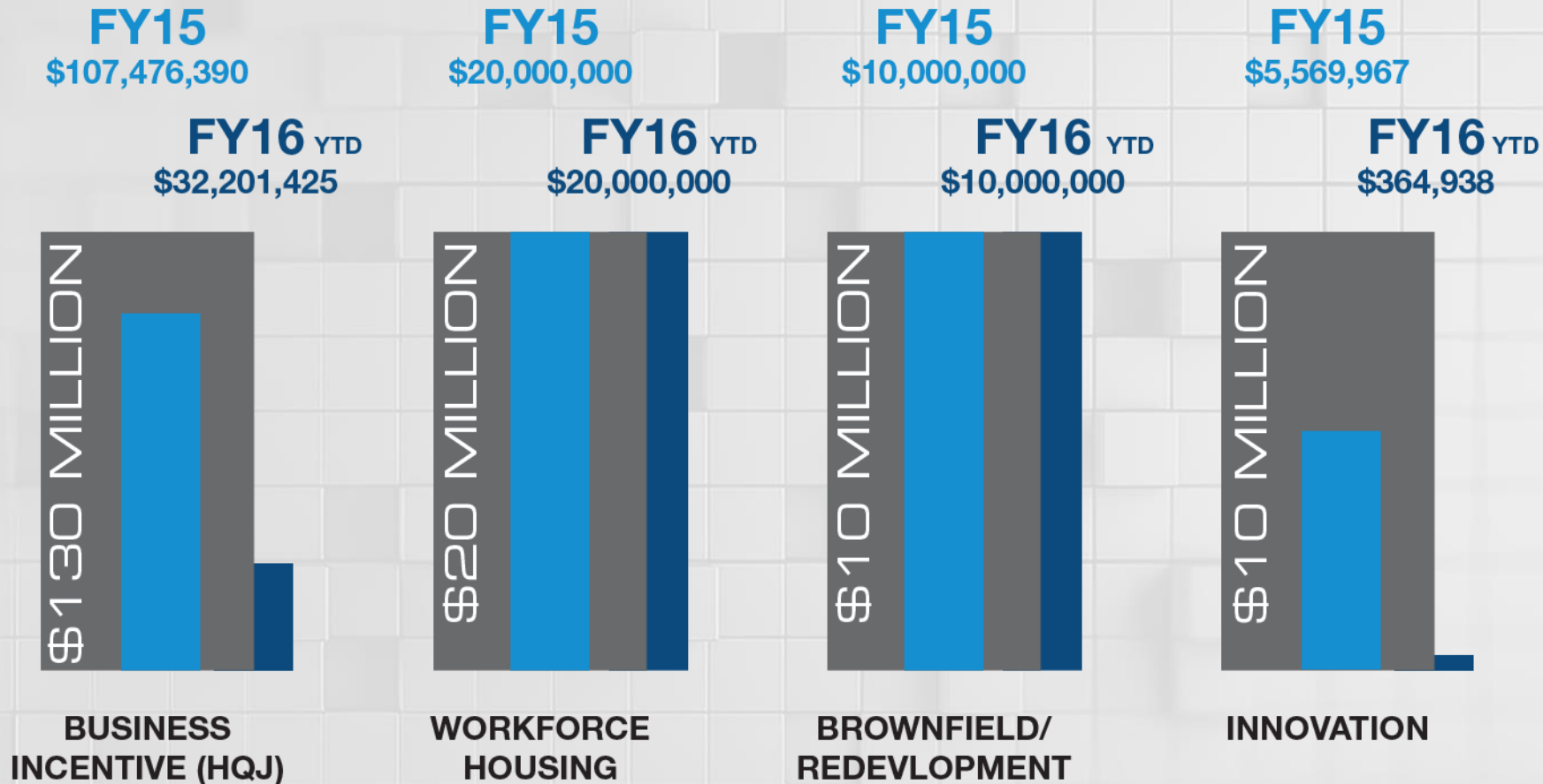


# Awarded Projects FY 2015



# Tax Credit Cap

## Awards and Actual



**Total FY16 YTD (Nov. 2015) = \$62,566,363**



Since January 2011...

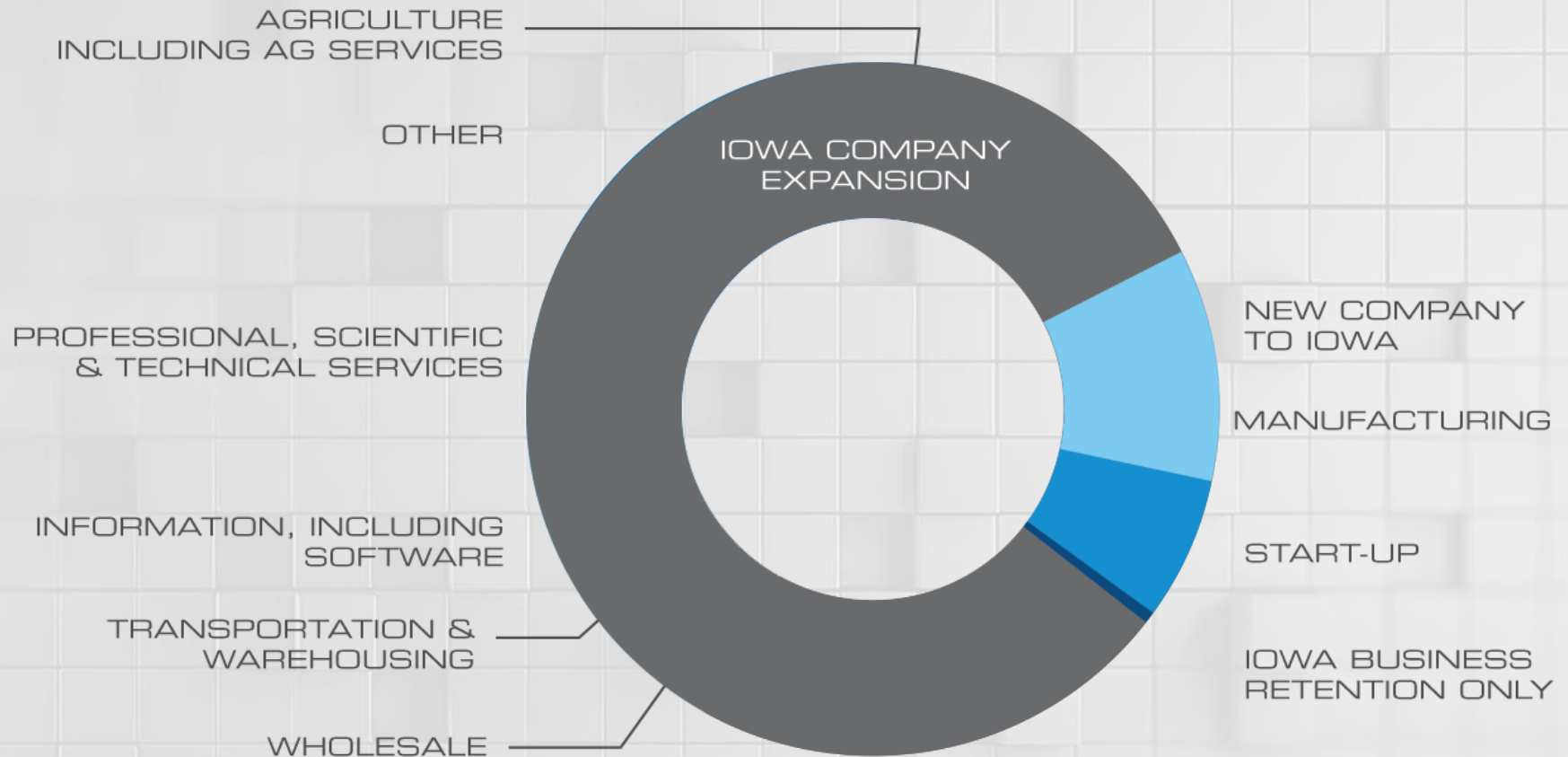
Total Capital Investment:

\$12,038,003,116



47,584  
DIRECT AND INDIRECT  
JOBS EXPECTED  
IN IOWA ECONOMY

# Project Industry Sectors and Breakdown



# Fiscal Impact



# Projects Awarded by

## COMPANY SIZE

80

65



EMPLOYEES  
1 - 50

EMPLOYEES  
51 - 250

66

84



EMPLOYEES  
251 - 1,000

EMPLOYEES  
Over 1,000

## COMMUNITY SIZE

61

73



POPULATION  
1- 4,999

POPULATION  
5,000 - 24,999

96

65



POPULATION  
25,000 - 74,999

POPULATION  
75,000 +

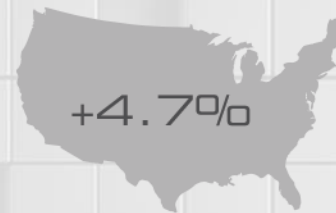
# Battelle

*The Business of Innovation*

# Situation Analysis

- Iowa has made substantial economic progress over the last decade, resulting in positive trends:

FROM 2007 to 2013,  
IOWA'S ECONOMIC OUTPUT HAS  
**OUTPACED**  
THE NATIONAL GROWTH  
(INFLATION-ADJUSTED)



FROM 2007 to 2013, IOWA'S  
NONFARM PERSONAL INCOME  
HAS GROWN



# Industry Cluster Performance

- Iowa's industry clusters are driving the state's economy and are robust, diverse and have statewide impact.

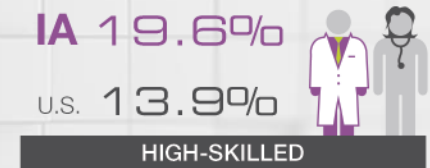
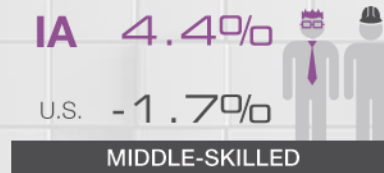
												
ADVANCED INDUSTRY SPECIALIZATION	✓	✓		✓	✓		✓		✓	✓	✓	✓
HIGHER PRODUCTIVITY THAN U.S.	✓	✓	✓	✓	✓		✓		✓		✓	
LARGE ECONOMIC MULTIPLIER	✓		✓	✓	✓	✓		✓	✓			✓
COMPETITIVE JOB GROWTH	✓		✓	✓	✓		✓		✓	✓	✓	✓

# Job Growth and Workforce

## ■ Strengths

- Middle- and high-skilled occupations growing faster than the national average
- Producing more STEM graduates than ever before

FROM 2004 TO 2013 IOWA  
**OUTPERFORMED**  
THE NATION IN GROWTH OF  
**MIDDLE AND HIGH-SKILLED JOBS**



FROM 2009 TO 2012,  
**IOWA HAD AN INCREASE**  
IN STEM-RELATED POST-SECONDARY DEGREES



# Innovation and Entrepreneurship

## ■ Strengths

- Increase in industrial and university R & D outpacing national growth
- Growth of activities to spur entrepreneurship showing positive results

IOWA'S INCREASE IN  
**INDUSTRIAL R&D**  
SUBSTANTIALLY OUTPACED THE NATIONAL GROWTH



IOWA'S INCREASE IN  
**UNIVERSITY R&D**  
SUBSTANTIALLY OUTPACED THE NATIONAL GROWTH



A close-up photograph of an industrial welding process, showing a robotic arm with a welding torch emitting bright sparks. The background is a solid purple color.

# INDUSTRY **GROWTH**

A photograph of four people (three men and one woman) sitting around a table in a modern office setting, engaged in a meeting. The background is a solid orange color.

# WORKFORCE **ATTRACTION & TRAINING**

A photograph of a young person wearing a lab coat and safety goggles, holding a test tube and looking at it intently. The background is a solid blue color.

# INNOVATION & **ENTREPRENEURISM**

A photograph of an industrial facility with large storage tanks and pipes, set against a cloudy sky. The background is a solid green color.

# PHYSICAL INFRASTRUCTURE **IMPROVEMENTS**



# INDUSTRY GROWTH





# International Initiatives

- **95% of the world's consumers live outside of the U.S., accounting for 70% of the world's purchasing power**
- **GOAL: Increase exports by 20%**
  - Since 2011, exports are up by 39%, to \$15.1 billion
- **State Programs:**
  - Marketing Assistance, Training and Consultation
  - Trade Missions and FDI
  - EB-5 program
- **Federal Efforts:**
  - Continue to open access to global markets
  - Reduce barriers to trade
- **2016 Trade Missions**
  - West Africa – Spring
  - Singapore and Malaysia – March
  - Asia – June
  - Poland, Czech Republic, Romania – Sept.



GROWING IOWA'S  
**GLOBAL**  
PARTNERSHIPS

# ESOPs

## ■ Benefits

- Economic benefits to businesses and to the state
- Many owners are facing retirement and need a succession plan
- ESOPs can be a valuable retention tool
- Incentives can equalize an ESOP against a strategic buyer during an ownership transition by reducing the owner's risk

## ■ Incentives

- Formation Assistance – 7 awarded to date
  - \$500,000 available\* to establish a program to encourage the formation of ESOPs in Iowa
  - Funding of up to \$25,000 will be used to help businesses interested in ESOPs defray the upfront costs of feasibility studies
- Capital Gains Deduction
  - Iowa taxpayers can deduct 50% of the net capital gain from the sale of stock to a qualified Iowa ESOP that owns at least 30% of the company stock

## ■ National Leader

- Invited by the Association of Employee-Owned S-Corps of America to speak about Iowa's program
- New Jersey and Vermont working to create similar programs in their states



\*Due to reversion, funding not currently available

# Diversity Programs

- **Targeted Small Business program**

- New Administrator: The Iowa Center for Economic Success

- **Results:**

- 4 loans finalized and disbursed
- 2 loans currently under review
- Average loan: \$15,000
- Several more loan applications in pipeline

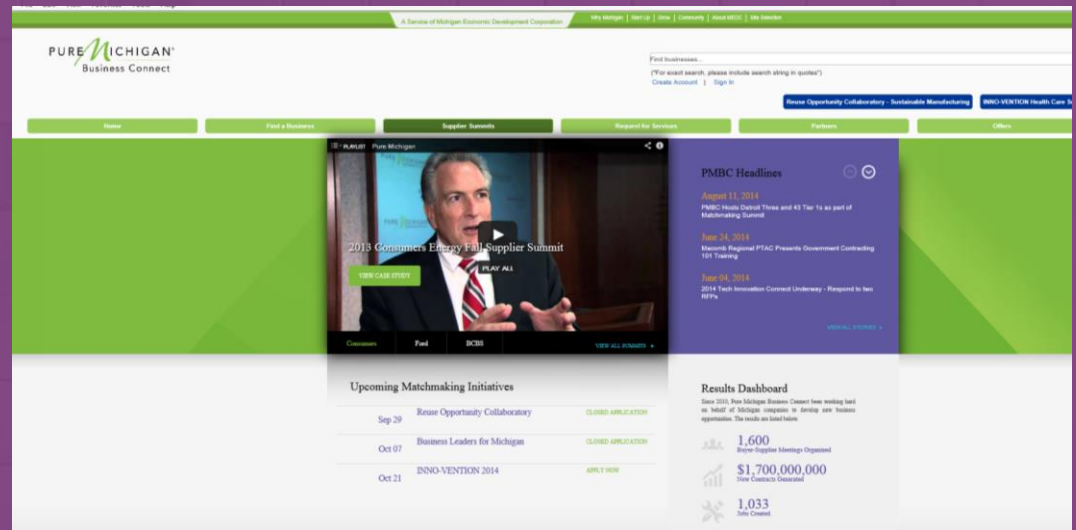
- **Woman Investor Network**

- A new angel network to engage female accredited investors in the investment process while empowering women-led businesses through mentorship and capital
- Intended to fund and mentor women-led, early phase businesses from first pitch to exit



# B2B Connections

- Working to develop a B2B portal to connect businesses with Iowa suppliers and services
- Supply chain development
- QCI, IT developer, awarded contract







# WORKFORCE ATTRACTION & TRAINING





# Apprenticeships

## ■ Apprenticeships

- Expansion of the 260F job training program tripled the amount of state funding allocated for apprenticeships
- Support is increased from \$1 million annually to \$3 million by providing additional funds and reforming and streamlining administration of the program

## ■ In FY15:

- 69 applications received
- \$3.156 million awarded



4,767

REGISTERED APPRENTICES IN 2015

**56% MORE**

THAN REGISTERED IN 2014 (3,047)

# STEM Internships

- **STEM Internship Program had \$900,000 to award**
  - Application opened on Sept. 1, 2015; fully subscribed by Oct. 6, 2015
- **Results**
  - 216 internships approved for 26 companies
  - Companies spread across 9 counties





# Home Base Iowa

- **Broad-based support:**
  - 27 HBI Communities
  - 17 HBI Champs (educational partners)
  - Over 1,400 Home Base Iowa businesses, pledging 10,000 jobs for veterans
- **Veterans Hired: 1,700+**
- **Marketing outreach:**
  - National advertising
  - In-person outreach to military bases around the country
  - Coverage in Military publications
- **Jason Kemp**
  - 515.725.3149
  - Jason.kemp@iowa.gov

**Iowa** welcomes  
you **home.**

**Even if you've never been here before.**

Thanks to Home Base Iowa, no other state works to find Veterans jobs like Iowa. That's why the Military Officers Association of America recently named Iowa a Top Military Friendly State.

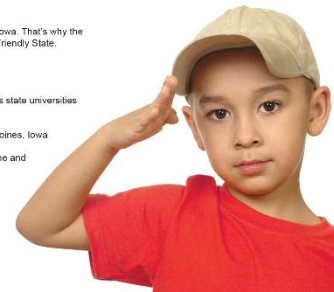
With benefits like these, the choice is easy:

- No state taxes on military pensions
- \$5,000 down payment on a home
- Automatic in-state tuition for veterans, spouses and dependents at Iowa's state universities and community colleges.

"We're backing our words with actions," – Major General Tim Ott, Des Moines, Iowa

Iowa communities are rolling out the red carpet to make sure you feel at home and valued for your service.

Visit [www.HomeBaseIowa.org](http://www.HomeBaseIowa.org) to search positions, check out communities with additional incentives for Service Members and join the hundreds of Veterans who have already decided to build their future in Iowa.



# Workforce Housing Tax Credits

- **Provides transferrable income tax credits and sales tax refunds to housing developers who develop eligible housing projects for workers**
- **Eligible projects include those that are:**
  - Developed on a brownfield or grayfield site
  - Repair or rehab dilapidated existing housing stock
  - Is an upper story project
  - New construction in a community with demonstrated workforce housing needs
  - Unit cost cap of \$200,000, or \$250,000 for historic preservation project
- **Awarded \$20 million in FY15 and FY16**

# Iowa Downtown Resource Center

- **Assists communities around the state in revitalizing their downtowns or commercial districts**
- **Fee-based, technical assistance services including:**
  - Design assistance
  - Business improvement planning
  - Organizational and board building
  - Promotion
- **Information exchange offered:**
  - Access to examples of revitalization projects and activities
  - Sample contracts
  - Qualified consultants in landscape architecture, structural engineering, and much more



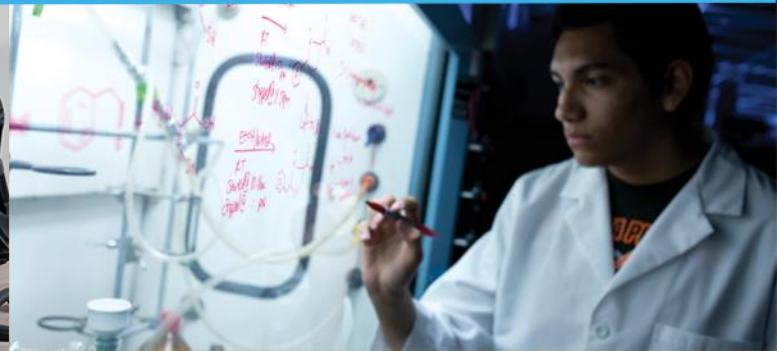
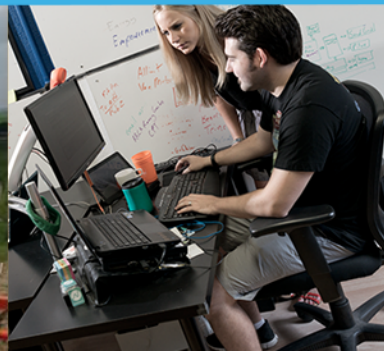
# Main Street Iowa

- **Net business gain in MSI districts occurred in all 29 years of the state Main Street program**
- **4,400 business starts, expansions and re-locations**
- **Added two new Main Street Communities in 2015**
  - Centerville, Grundy Center
- **Open 4 Business competition**
  - State Winner: Building Grounds, Woodbine
- **Next year: Celebrating 30<sup>th</sup> Anniversary**





# INNOVATION & ENTREPRENEURISM



# Iowa's Public Entrepreneurial Funding Continuum



INVESTIGATION &  
FEASIBILITY



DEVELOPMENT



INTRODUCTION



GROWTH  
STAGE I



GROWTH  
STAGE II



MATURITY

PROOF OF  
COMMERCIAL  
RELEVANCE

DEMONSTRATION  
FUND

INNOVATION  
ACCELERATION  
LAUNCH

INNOVATION  
ACCELERATION  
PROPEL

INNOVATION  
ACCELERATION  
EXPANSION

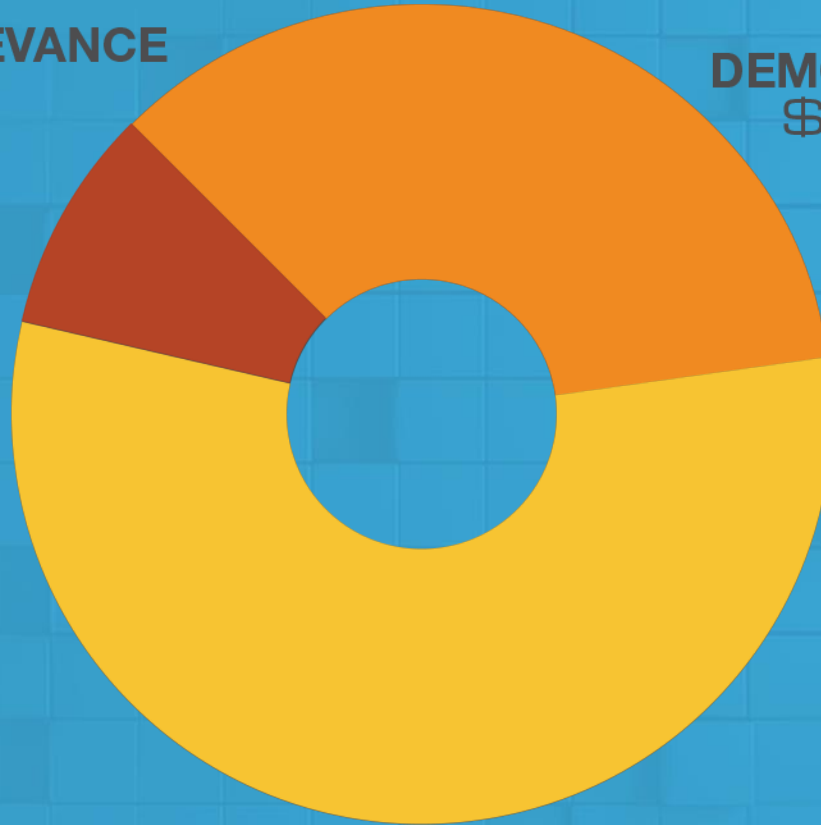
ANGEL  
INVESTOR &  
INNOVATION FUND  
TAX CREDITS



# Innovation Funding

**PROOF OF  
COMMERCIAL RELEVANCE**  
\$250,000

**DEMONSTRATION FUND**  
\$1.02 MILLION



**INNOVATION ACCELERATION**  
\$1.60 MILLION

# Innovation Fund Projects

13  
AWARDS

PROOF OF  
COMMERCIAL RELEVANCE

DEMONSTRATION  
FUND

42  
AWARDS

53  
AWARDS

IOWA INNOVATION  
ACCELERATION



# Angel Investor Tax Credit Programs

- IEDA is currently authorized to issue up to \$2 million in investment tax credits per year for investments in “qualifying businesses and community based seed funds”
- Together, these two credits are sometimes referred to as “angel credits”

## Improve Angel Investor tax credit program

- Increase credit percentage from 20% to 25%
- Make credits refundable
- Focus the credits on individual angel investors, not institutions
- Simplify eligibility and eliminate the “community-based seed fund” feature
- Cap individual credit level at \$100,000 per year and simplify cap structure
- Reduce carry-forward period from five years to three years

- **The Small Business Innovation Research/Small Business Technology Transfer Outreach Program is designed to increase the rate of successful grant applications for businesses seeking federal grants through the Small Business Administration's SBIR/STTR programs. The program has three components: proposal idea review, third-party proposal assistance and financial assistance for successful Phase 1 awards.**



# SBIR/STTR Program

	FY2015 results for July 1, 2014 - June 30, 2015	FY16 results for July 1, 2015 – December 31, 2015	FY16 Projected July 2015 – June 2016
<b>SBIR/STTR Outreach Program Applications</b>	9	31	50
<b>SBIR Proposals submitted through program</b>	8	18	42
<b>\$ of Technical Assistance/ # of companies</b>	\$31,267 / 7 companies	\$75,826 / 16 companies	\$140,000
<b>\$ of Financial assistance committed to match potential federal awards / # of Companies</b>	\$75,000 / 3 companies	\$587,225 / 24 companies	\$1,000,000
<b>\$ of Financial assistance distributed</b>	\$25,000	\$0	\$200,000
<b>Ph1 Awards</b>	6	4	10
<b>Ph2 Awards</b>	2	3	5
<b>Federal Dollars awarded</b>	\$3.4M*	\$2.9M	\$5.5M

# Strategic Infrastructure Fund

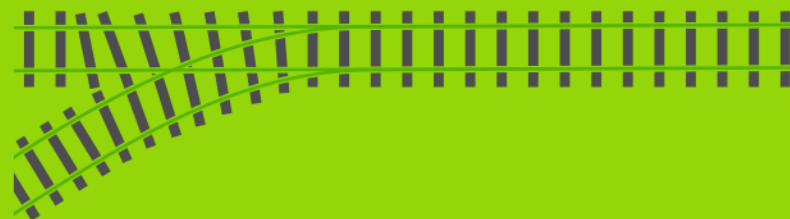
- The purpose of the strategic infrastructure program is to assist projects that develop commonly utilized assets that provide an advantage to one or more private sector entities or that create necessary physical infrastructure in the state, and such projects are not adequately provided by the public or private sectors.
- The projects are vetted by the Iowa Innovation Council (IIC) to make recommendations to the IEDA Board.
- Two awards made to date:
  - The University of Northern Iowa Metal Casting Center/TechWorks project -- \$2,715,500
  - The Iowa State University – CIRAS project -- \$100,000








# PHYSICAL INFRASTRUCTURE IMPROVEMENTS




# FY16 Programs

## ■ **Transportation Funding**

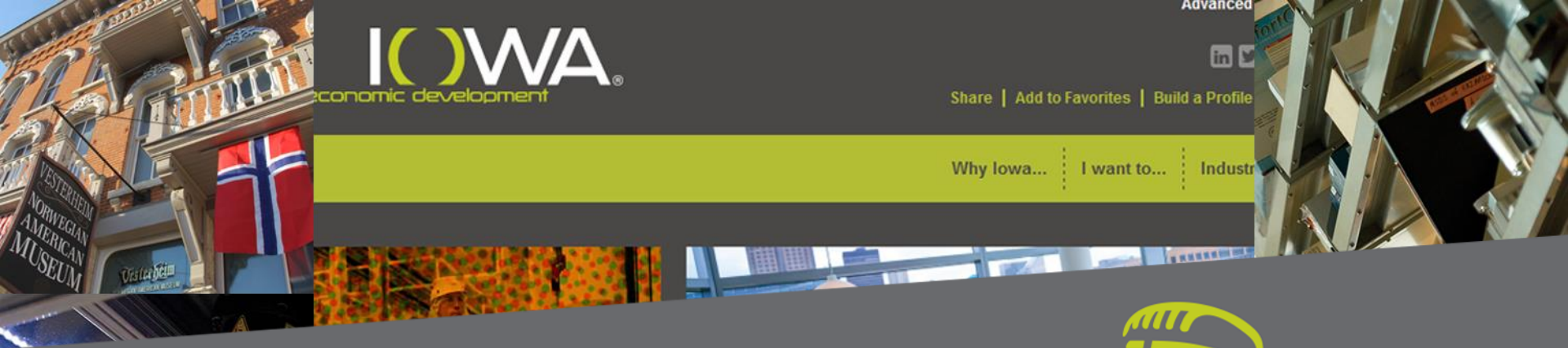
- 
- Legislation to increase funding for transportation infrastructure in Iowa is moving through the Iowa House and Senate
    - Two bills, one for each Chamber
    - Both propose an increase of the gas tax by \$.10/gallon

## ■ **Broadband Funding**

- 
- The Governor proposed “Connect Every Acre” legislation to provide widespread internet access to our citizens, farms, schools, businesses and communities
    - The bill provides property tax incentives for broadband infrastructure, including a 100% exemption for three years
    - Authorizes a new grant program (\$5 million) to specifically target improving internet access across the state of Iowa







IOWA<sup>®</sup>

Economic development



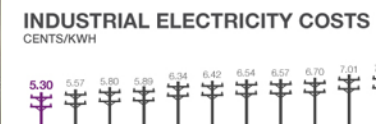
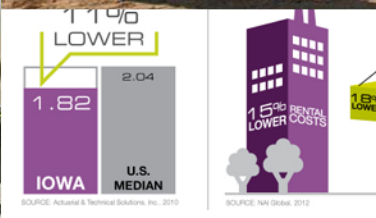
Share | Add to Favorites | Build a Profile

Why Iowa...

I want to...

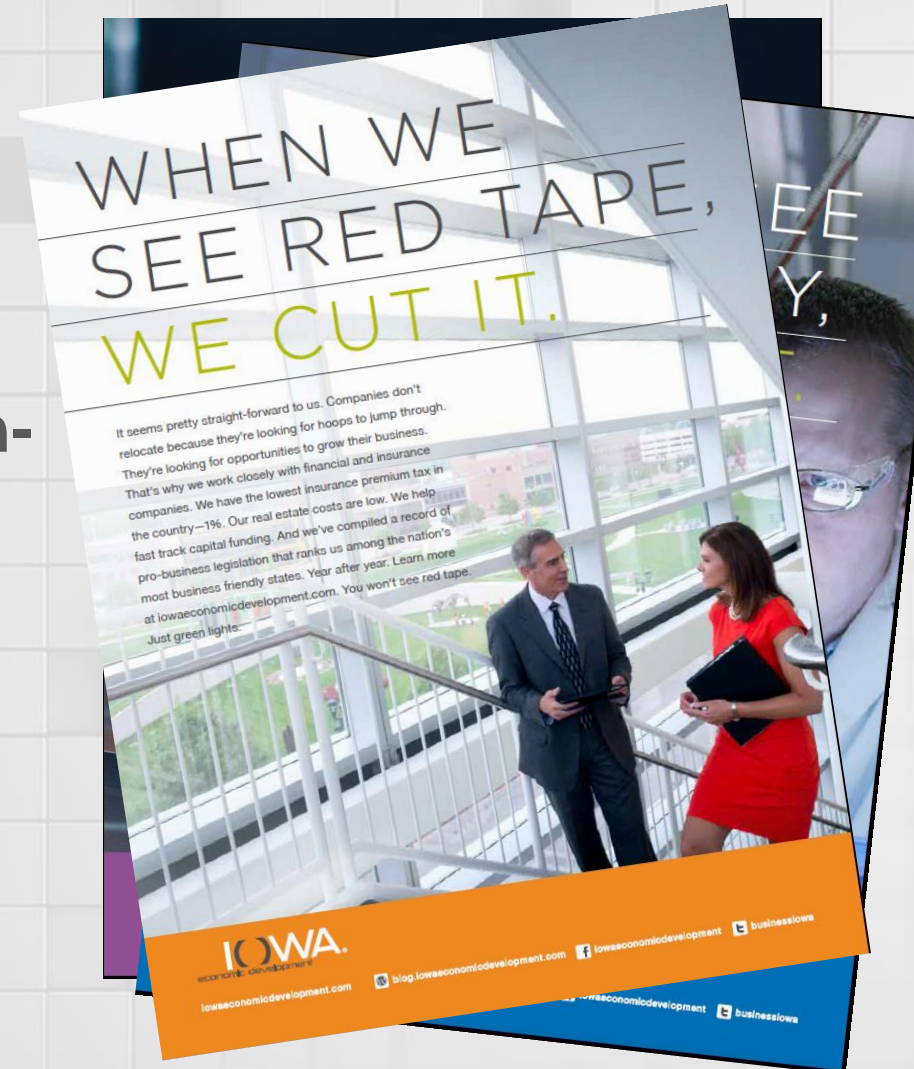
Industri...

# TELLING OUR STORY



# Marketing and Public Relations

- Working with ZLRignition and their new partner, DCI
- Continuing to build IEDA brand among targeted industry business decision-makers
- Developing new PR programs





# Public Relations Efforts

## ■ IEDA Publicity Network

- Enlisting economic developers to identify story ideas and respond to national media with Iowa spokespeople
- Sign up today

## ■ Buzz Builders

- Social media sharing strategy
- Leveraging social networks of Buzz Builders to share Iowa's story across the world
- Coming soon!

## ■ National media trips to Iowa

- Biosciences-focused trip in October
- Leveraging World Food Prize events to attract attention



## #THISIOWA

- **Target audience**

- Social moms – Women who use social media to plan and share travel experiences and have children in their home

- **Target markets**

- States surrounding Iowa

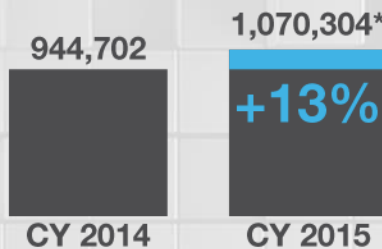
- **Economic Impact**

- Travel-generated expenditures = \$8.06 billion
- Travel-generated employment = 66,500
- Travel-generated state tax receipts = \$347 .7 million

# Tourism's Role

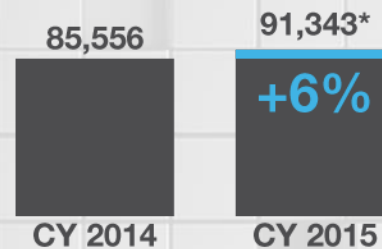


## TRAVELIOWA.COM VISITS



\* Through 9/30/15

## TRAVEL GUIDE REQUESTS



\* Through 9/30/15



## ■ Accomplishments

- Rolled out a new blog platform that provides authentic user-generated content about real Iowa travel experiences.
- Implemented a multi-media marketing campaign that generated 500,000 web visits from 68 million impressions.
- Increased engagement in each of the nine social media channels we manage (FY15: 90% increase in FB likers and 25% increase in Twitter followers).
- Implemented an email marketing strategy to expand our reach to potential travelers





# LEGACY INITIATIVES





# Proposed Renewable Chemical Tax Credit Program

IOWA RANKS

**1st**

IN CORN PRODUCTION

**2nd**

IN SOYBEAN PRODUCTION



IOWA LEADS THE NATION  
IN ETHANOL PRODUCTION WITH

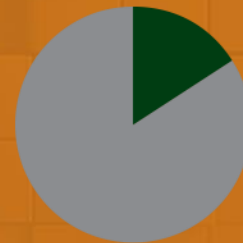
**43**

**FACILITIES PRODUCING OVER 27%**  
OF THE TOTAL U.S. ETHANOL PRODUCTION



IOWA HAS THE  
**2nd**

**LARGEST SUPPLY OF AVAILABLE BIOMASS**  
**14.4 MILLION DRY TONS PER YEAR**

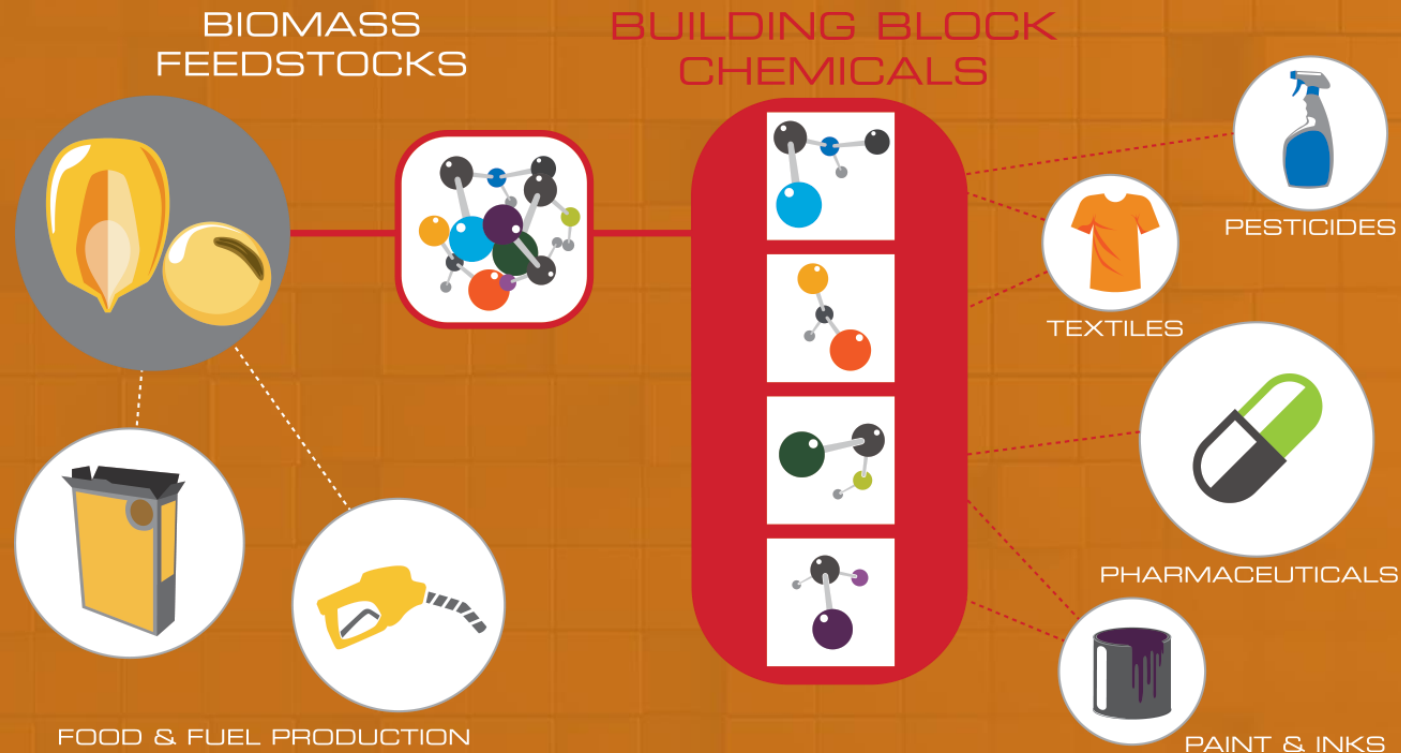


IOWA RANKS  
**2nd**

IN BIODIESEL PRODUCTION WITH  
**12 REFINERIES PRODUCING OVER 16%**  
OF THE TOTAL U.S. BIODIESEL PRODUCTION

# Building new industries for Iowa

- **Renewable Chemical Production Tax Credit Program**
  - IEDA is proposing the creation of a new incentive for the production of Renewable Chemicals from biomass feedstocks
  - Incentivizes the production of high-value “building block” chemicals



# Proposed FY17 Tax Credit Programs

## ■ **Proposed Structure:**

- Incentivizes the production of high-value “building block” chemicals
- Must be produced from “biomass feedstocks” such as starch, sugar, oil, lignin, etc
- Must create higher value products from the feedstocks (not available for the production of ethanol, biodiesel, or animal feed)

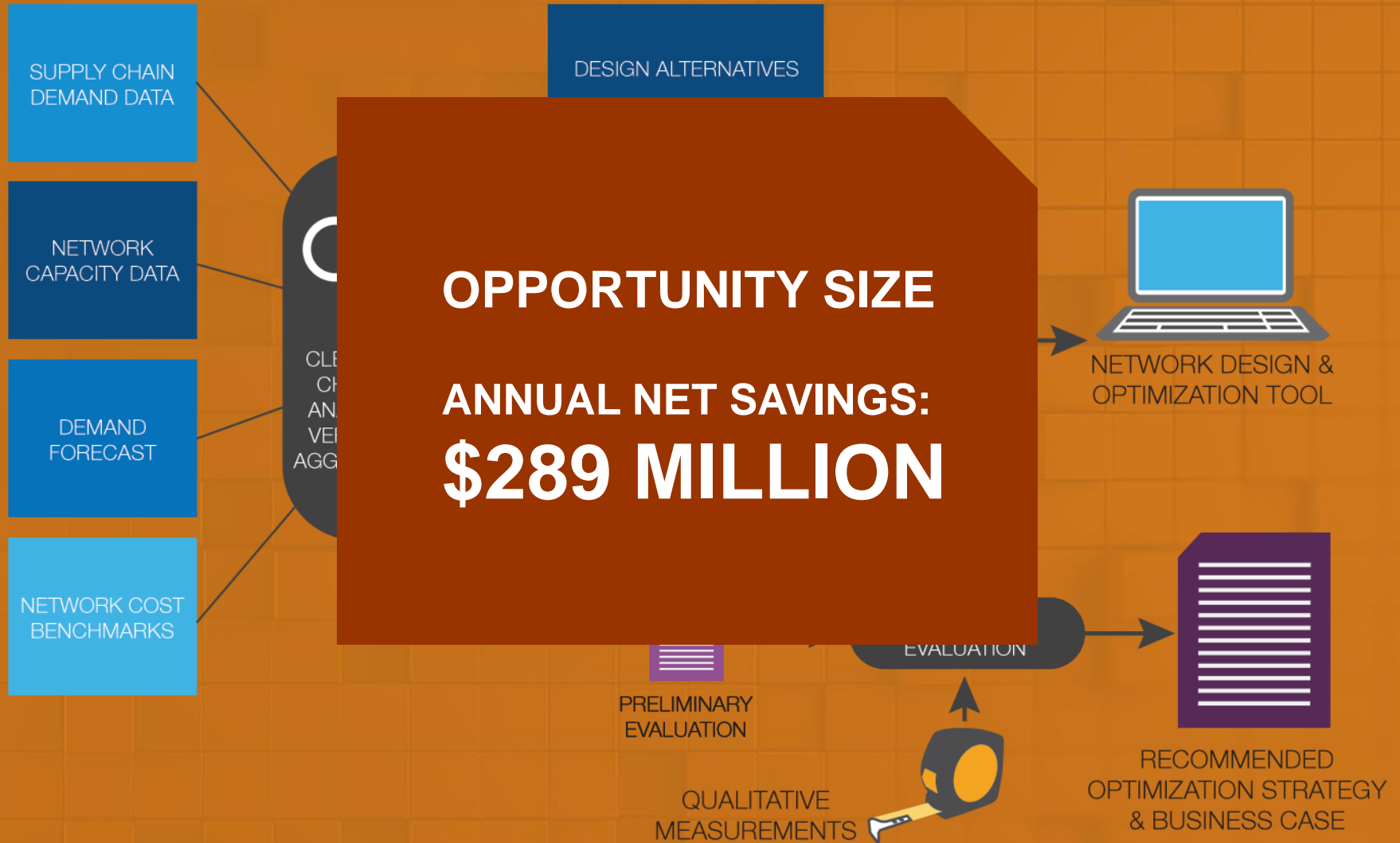
## ■ **Features:**

- Part of IEDA’s business tax credit cap (no proposed increase)
- Annual award amounts limited to \$1 million for start-ups and \$500,000 for established businesses
- Credit would be refundable, but NOT transferrable
- Only available to a company for five years

## ■ **Changes:**

- Made revenue neutral by reducing HQJ allocation under tax credit cap by \$25 million for 5 years to offset the \$10 million available under renewable chemical tax credit.

# IDOT & IEDA: Freight Optimization Conceptual Architecture Overview



# **Freight Optimization: What we Learned and Next Steps**

- **Calculated Baseline Transportation Cost/Iowa Gross State Product (21%) and Optimized Transportation Cost/Iowa Gross State Product (14%)**
- **Implementing results to reduce overall cost of freight transportation by leveraging better modal-investments which reduces capital and maintenance costs of transportation infrastructure.**
- **Ongoing supply chain analysis for 10+ businesses – results expected in early 2016**
- **Developing business case for a Logistics Park in eastern-part of Iowa.**
- **Broadening application of tool for use in areas of air quality, agriculture production and movement.**
- **Data Refresh and improving architecture structure for data mining**

# Iowa Energy Plan

- The plan will synthesize both the existing state energy goals and strategies that are beneficial for the state, as well as new goals and energy strategies to position Iowa for the future



Lt. Governor Kim Reynolds and IPEP are leading the initiative

# Energy Plan Pillars

<b>Economic Development and Energy Careers</b>	<b>Iowa's Energy Resources</b>	<b>Transportation and Infrastructure</b>	<b>Energy Efficiency and Conservation</b>
<ul style="list-style-type: none"><li>✓ Workforce training</li><li>✓ Research and development</li><li>✓ Manufacturing of energy related products</li></ul>	<ul style="list-style-type: none"><li>✓ Renewable</li><li>✓ Traditional</li><li>✓ Alternative fuels</li><li>✓ Energy storage</li></ul>	<ul style="list-style-type: none"><li>✓ Power generation</li><li>✓ Transmission and distribution</li><li>✓ Vehicle fuels</li><li>✓ Energy assurance</li><li>✓ Freight efficiency</li></ul>	<ul style="list-style-type: none"><li>✓ Building codes</li><li>✓ Consumer education</li><li>✓ Financing and incentive programs</li></ul>

\*\*This list represents potential subtopics and is not a complete list of subtopics that could be considered during the Iowa energy planning process



# Proposed Iowa Energy Plan Timeframe

Date	Milestone
October – November 2015	Identify/Select Consultant Support Announce Working Groups and Application Process
November – December 2015	Identify/Select Working Groups Team Members Develop Subtopics for Working Groups Collect Energy Data & Review Iowa Energy Policies
January – March 2016	Working Group Kick-off Meeting Conduct Working Group Meetings Gather Public Input and Feedback
April – May 2016	Outline Goals and Recommended Actions to Meet the Vision Continue conducting Working Group meetings
June – August 2016	Draft the Iowa Energy Plan
September – October 2016	Review of Draft Iowa Energy Plan
November 2016	Finalize and Adopt the Plan
November – December 2016	Conduct Plan Outreach

# Iowa Energy Plan Development Consultant Support



**Role:** Lead energy plan development, energy policy analysis, and stakeholder engagement

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**Role:** Energy supply and demand forecasting and economic modeling

# FY17 IEDA Budget

Line Item	Gov Rec	Net Change from 2015	Budget Bill
<b>Home Base Iowa Marketing</b> (including 5% of funds for administration)	\$250,000	NEW for 2016	TBD
<b>High Quality Jobs</b>	\$16,900,000	None	Economic Development Budget Bill
<b>Operations</b>	\$15,516,372	None	Economic Development Budget Bill
<b>STEM Internships</b>	\$0	\$1,000,000 Included in HQJ	Economic Development Budget Bill
<b>World Food Prize</b>	\$1,012,500	(\$712,500 GF, +\$300,000 from RIIF)	Economic Development Budget Bill & RIIF Bill
<b>COG Assistance</b>	\$200,000	None	Economic Development Budget Bill
<b>ICVS</b>	\$178,133	None	Economic Development Budget Bill
<b>Tourism AGRs</b>	\$1,124,000	None	Economic Development Budget Bill
<b>Community Attraction and Tourism (CAT)</b>	\$4,000,000	- \$1,000,000	RIIF Bill
<b>Regional Sports Authority Districts</b>	\$500,000	None	RIIF Bill

“Strategy is about  
***making choices,  
trade-offs;***  
it’s about deliberately choosing  
**to be different.”**

*-- Michael Porter*